



AN ANALYSIS OF THE SOCIAL AND
ECONOMIC IMPACT OF THE NATIVE 8(A)
BUSINESS DEVELOPMENT PROGRAM



2007



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Social and Economic Impact of the Native 8(a) Business Development Program

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I. OVERVIEW

Native Americans are making important gains in economic development and diversification of native economies. A critical tool in this success is participation in the federal contracting industry by an increasing number of enterprises owned by Indian tribes and Alaska Native Corporations (Native Enterprises). Participation of Native Enterprises in the Small Business Administration's 8(a) Business Development program has proven its importance to building strong Native communities. This report examines the policy framework by which Native Enterprises participate in the government contract market and its economic consequences to Native communities and local communities in which they operate. The data and information compiled from Alaska Native Corporations and from one lower 48 tribe tell a story of self-determination and the exciting promise and growth of a new sector of the economy for Native communities nationwide.



An example of this promise is Salish & Kootenai Electronics (SKE) located in Pablo, Montana, on the Flathead Indian Reservation, in a spacious 40,000 square foot facility with an impressive array of new generation manufacturing and testing equipment that is maintained and operated by highly skilled employees, of which the company is proud to have over 62 percent tribally affiliated personnel. SKE is a leading manufacturer of cable assemblies, wiring harnesses, electronic and electro-mechanical products for both industry and government.

Started in 1984, the company began with about five employees, as a manufacturing enterprise of the Confederated Salish and Kootenai Tribes of Montana.



By 1990, the company was certified under the Small Business Administration's (SBA) 8(a) Business Development Program. Under this program, SKE grew and developed critical infrastructure until 1999 when the company successfully graduated out of 8(a) status. Today the company employs 108 personnel, with \$10 million in annual sales in Fiscal Year (FY) 2005, and every year since graduation, the company has continued to progress. The portfolio of SKE

clients has grown to include about 50 percent in government related contracting, with the other 50 percent based in private industry.

Native Enterprise participation in the 8(a) program was authorized 20 years ago. For years Native Enterprises struggled to break into the highly concentrated federal market, these enterprises are just now beginning to show success in the program and in 2005 they generated \$1.9 billion in gross revenues from 8(a) contracting. These revenues benefit Native communities in many ways through job creation, educational scholarship and funding for cultural and social programs in Native communities. This enables Native Enterprises to empower their communities through economic and cultural sustainability developing the next generation through internships, youth programs and scholarships.

The 8(a) program has increased Native business capabilities and is creating sustainable operations for the future. Through contracting, Native Enterprises have been successfully adapting and prospering in an ever changing economic climate. Native Enterprises are energetically working to provide a better way of life and opportunity for their communities and surrounding region.



The Economic Impact of Native Contracting

Native Enterprises created new jobs and provided products and services to the federal government nationwide. Native Enterprises generate millions of dollars in economic activity in their

surrounding communities with goods and services to support 8(a) businesses. According to self-disclosures by twelve (12) of the ANC regional corporations, in 2005, these Native Enterprises generated:

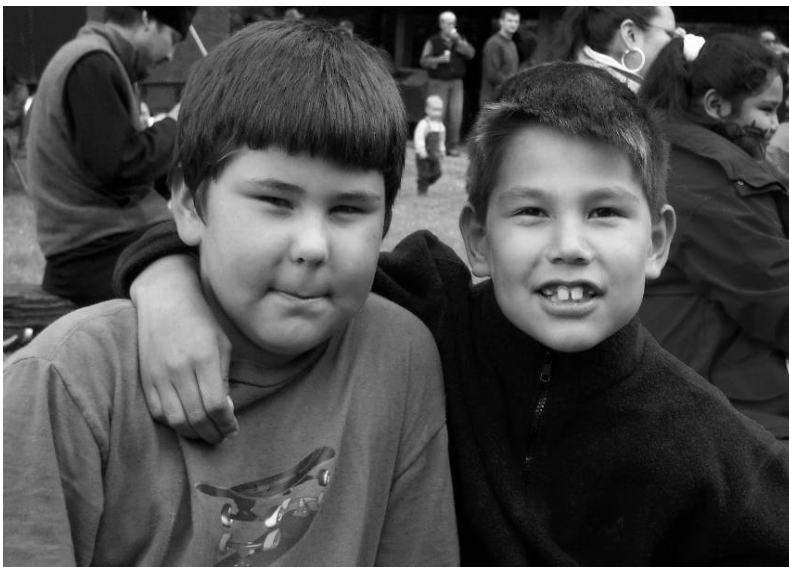
- \$1.9 billion dollars in gross revenue from 8(a) program contracting; and
- Created 31,717 jobs nationwide.

Within the State of Alaska, in 2005 Alaska Native Corporations generated:

- \$ 413,645,389 in payroll for 8(a) businesses;
- Created 9,750 jobs in Alaska; and
- Created 3,170 jobs in Alaska for Native employees.

In 2005, Cultural, Social and Economic Benefits to Alaska Natives included:

- \$ 31,863,803 in dividend income to shareholders attributed to federal contracts;
- \$ 5,433,787 in donations to Native community cultural and social programs;
- \$ 889,835 in donations to Non-Native community for social programs;
- \$ 7,334,781 in other shareholder programs; and
- \$ 9,575,511 in scholarship funds awarded to Alaska Natives.



This demonstrates that the benefits flow both to Native communities for whom the 8(a) program was intended to benefit and flow to local communities.

The 8(a) program has proven to be a successful economic development tool helping to build native economies and generating millions of dollars in economic activity in surrounding

communities. It also helps diversify the federal supplier pool and bring innovation to federal customers by providing critical incentives to use Native community-based enterprises.

II. NATIVE 8(A) PROGRAM POLICY AND BACKGROUND

Since 1942, it has been the policy of the federal government to assist small businesses owned by socially and economically disadvantaged minorities to become competitive viable business concerns. The federal small business set aside programs are rooted in long-established procurement policies and programs, including prime contract set-asides and the Section 8(a) Business Development Program (8(a) Program).

There are unique provisions that allow Indian Tribes, Alaska Native Corporations, and Native Hawaiian Organizations (Native Enterprises) to participate in the 8(a) Program to fulfill obligations of the federal government under important and broader Indian policy. Thus, while consistent with the socio-economic policy goals that support business development, assistance for other 8(a) Program participants (as well as other small business set-asides such as the woman-owned and service-disabled veteran-owned set-asides) the unique 8(a) provisions also embody the unique legal relationship between Native Americans and the federal government.

NATIVE 8(A) PROGRAM

Congress provided unique contracting provisions in the 8(a) Program to help spur economic development for Native Americans. These key provisions include:

- Program eligibility rules for Native Enterprises that allow parent companies to own multiple 8(a) firms without violating program limitations on affiliation.
- Exclusion from the competitive thresholds limiting the amount of sole-source contracts in order to help these firms develop a sustainable revenue base—rather than mandating their employment practices or limiting their activities to a single geographical area.

The 8(a) Program rules applicable to a Native Enterprise purposefully differ from the rules governing 8(a) firms owned by individuals. Congress recognized that Native Enterprises are representative community-based entities responsible for improving the livelihoods of hundreds, and sometime thousands in Native communities. Unlike an 8(a) firm owned by an individual, a Native Enterprise has an organizational obligation to provide for the significant social and economic needs of all of its community members who can number anywhere from hundreds to tens of thousands. Congress' intent was to help Native Enterprises participate in the enormous federal marketplace, grow businesses, create jobs, and return profits to their native communities.

HISTORY OF THE NATIVE 8(A) PROGRAM

Congress has promoted federal contracting with small businesses since 1942 and in 1977 created the Small Business Act Section 8(a) Business Development Program to provide an incentive for federal agencies to award contracts to small, minority-owned businesses. Congress also set a goal of at least 10% of all federal contract awards to minority-owned businesses, including Native-owned enterprises.

Senate Indian Affairs Committee oversight hearings in 1987 and 1988 found that Indian tribes were underrepresented in the federal contracting market and that different government contracting provisions were necessary to encourage Native participation in the federal market. The hearings noted the findings in the *President's Commission on Indian Reservation Economies* report which stated that government contracting and procurement policies, regulations, and procedures were significant obstacles to Indian reservation economic development; the hearings further noted that tribally-owned companies had a difficult time qualifying for 8(a) program certification.¹ The Chairman of the Senate Indian Affairs Committee believed that remedial action was necessary to address the low participation of American Indian and Alaska Native-owned firms in government contracting.² During the 1988 hearing, Chairman Inouye stated that “directing [the] purchasing power [of the federal government] to accomplish social goals such as assisting disadvantaged members of society is well established” and he noted that unfortunately, “this public policy goal has not been achieved with respect to the participation of businesses owned by Native Americans.”³

As a result of these hearings, Congress amended the 8(a) Program to enable enterprises owned by Indian tribes and Alaska Native Corporations to participate in the program in a manner that promoted economic development on a community-wide basis. Recognizing that tribes and Alaska Native Corporations provide community-wide benefits, Congress authorized them to operate more than one 8(a) company at a time and there are no restrictions on the value of a contract that federal agencies can award to these enterprises through a negotiated sole source process. Congress also authorized Native Enterprises to form a joint venture with a large business as long as the Native Enterprise owns at least 51% or more of the joint venture and other requirements are met. These provisions were intended to prepare Native Enterprises to compete with others in this highly concentrated industry dominated by large multi-billion dollar corporate contractors who have established relationships with government customers and possess capital and proposal capability sufficient to dominate the federal procurement market.

FEDERAL INDIAN POLICY

To spur economic development, Congress enacted special provisions to encourage the participation of firms owned by Native Enterprises in the 8(a) program thereby promoting self-sufficiency within Native American communities. The federal Indian

policy objective of producing sustained economic benefits for Native Americans is embodied in the 8(a) program. It is important to understand the legal, policy, and social context for these provisions. The federal government's unique relationship with Native Americans derives from the U.S. Constitution's grant of power to Congress "to regulate Commerce... with the Indian Tribes."⁴ This Constitutional provision, and its interpretation in landmark Supreme Court decisions, gave rise to the federal government's unique relationship to Native Americans. As the Court stated, "the relation of the Indians to the United States is marked by peculiar and cardinal distinctions which exist nowhere else...."⁵ No other group of U.S. citizens has a comparable relationship with the federal government.

Tribes across the country entered into treaties, giving up land in exchange for the promise of federal protection and support for education and community development. In exchange for ceding over 500 million acres of land by the Native people of America, the United States entered into a unique legal relationship with Native Americans.



In the case of Alaska Natives, Congress was specific when articulating, in the Alaska Native Claims Settlement Act, the federal government's relationship with Alaska Natives.⁶ This law required compensation to settle land claims and mandated that the use of for-profit corporations be used to implement the settlement. In ANCSA, Congress declared:

There is an immediate need for a fair and just settlement of all claims... based on aboriginal land claims; and (b) the settlement should be accomplished rapidly, with certainty, in conformity with the real economic and social needs of Natives, without litigation, with maximum participation by Natives in decisions affecting their rights and property...⁷

ANSCA represented a new approach to fulfilling federal obligations to Native Americans: providing Alaska Natives with village and regional corporate structures, rather than a reservation system (as was done in the lower 48 states). Under ANSCA, shareholders may not sell their shares to non-Natives. In fact, Congress explicitly intended the use of corporate structures to give Alaska Natives greater control of their economic destiny—to achieve self-sufficiency.

Congress has repeatedly emphasized that the most effective way to promote economic self-sufficiency and to minimize the dependence of Alaska Natives on federal assistance is through ANSCA corporations.⁸ In fact, in furtherance of this policy, eligibility for the 8(a) program was imbedded in ANCSA by amendments passed by Congress making it clear that ANCSA corporations' participation in the 8(a) program would be an integral part of the ANSCA settlement.⁹

In fulfilling the federal government's unique obligations to Native Americans, Congress' enactment of the Native 8(a) Program provisions has successfully fostered self-sufficiency and economic development in Native communities. As Senator Inouye noted:

The Congress has long been concerned with the ravaging extent of poverty, homelessness, and the high rates of unemployment in Native America. The Congress has consistently recognized that the economic devastation that has been wrought on Native communities can be directly attributed to Federal policies of the forced removal of Native people from their traditional homelands, their forced relocation, and later the termination of the reservations to which the government forcibly relocated them. In 1970, President Nixon established the Federal policy of self-determination, and that policy has been supported and strengthened by each succeeding administration.¹⁰

The Native 8(a) program provisions have helped Native Entities overcome economic barriers, create and expand competitive businesses in the private and federal markets, create new business opportunities and return profits to their communities.

III. ECONOMIC IMPACTS OF NATIVE PARTICIPATION IN 8(A) PROGRAM

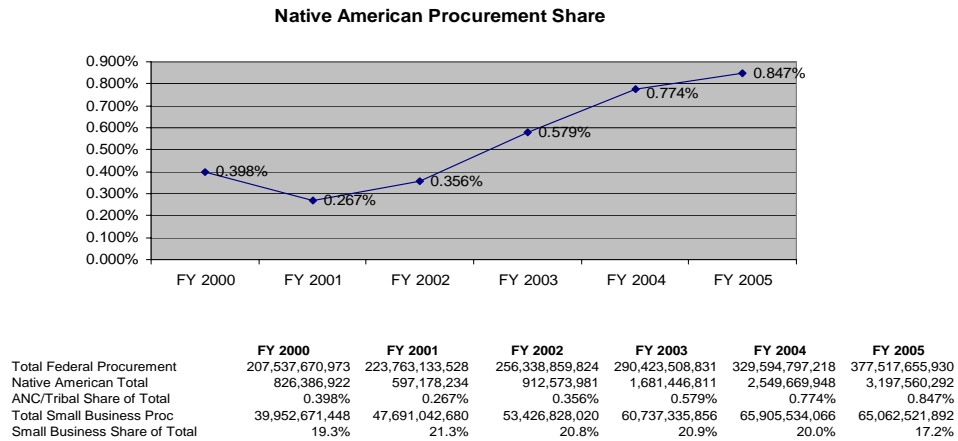
After nearly 20 years of participation in the 8(a) Program, Native Enterprises are just beginning to demonstrate that the program is a powerful tool effectively promoting community-based economic benefits. In fact, it is the only economic incentive that has been consistently successful in reaching the most remote native communities. Each year more and more tribes are applying for 8(a) program certification and are creating businesses that provide a broad range of services from facilities management, manufacturing, and information technology.

NATIVE CONTRACTING IN THE FEDERAL MARKETPLACE

The federal contract market is enormous. In 2005, the Federal Government spent a total of \$377.5 billion on the purchase of goods and services.¹¹ The chart below shows total federal procurement compared to Native American procurement figures from 2000-2006. It also demonstrates a steady increase in Native contracting since the year 2000.

Figure 1

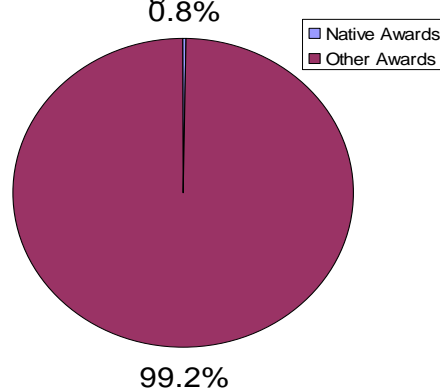
Total vs. Native American Procurement FY00 – FY06 YTD



Of this amount, Alaska Native and Tribally-owned enterprise contract awards, of all types, comprised only \$3.19 billion, approximately three percent (0.8%) of the total federal contracting dollars.

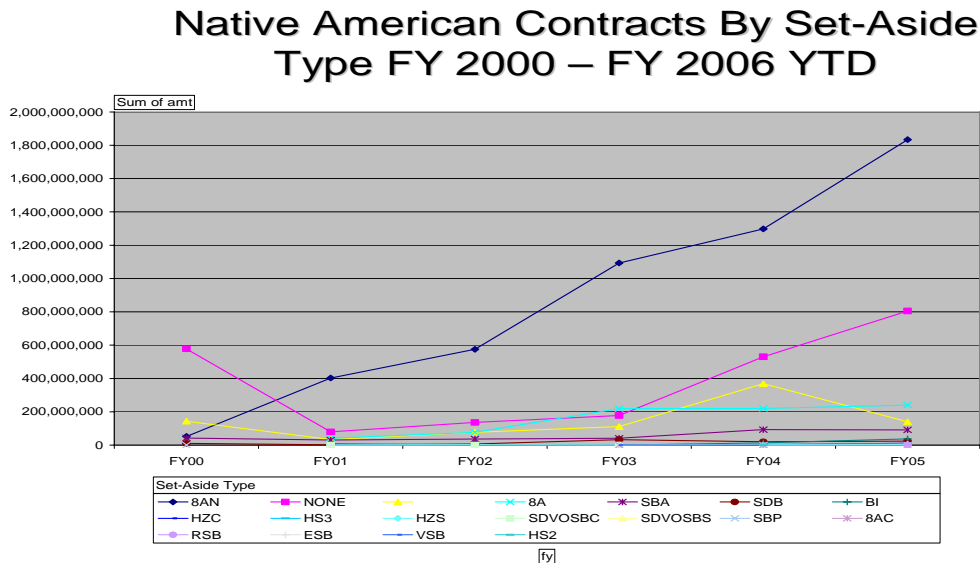
Figure 2

Total Contracting awards vs. Native Awards



Native Enterprises are participating in a number of federal contracting set aside programs as the chart below demonstrates they participate in the HubZone, Buy-Indian Act, Service-Disabled Veterans, and the 8(a) program. The 8(a) program has been the most utilized program by both Native Enterprises and by their federal customers.

Figure 3

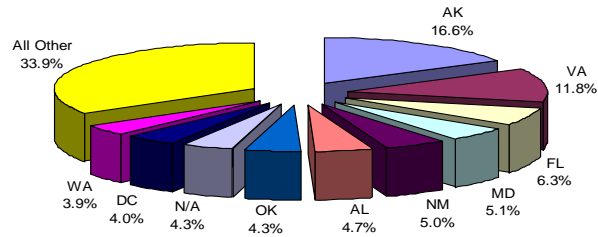


The 8(a) Program enables Native Enterprises to participate in a nationwide market. This is particularly critical for those native communities that are located in remote rural markets where viable economic development opportunities are not abundant. The chart below shows the states in which there is a concentration of federal work performed by Native Enterprises.

Figure 4

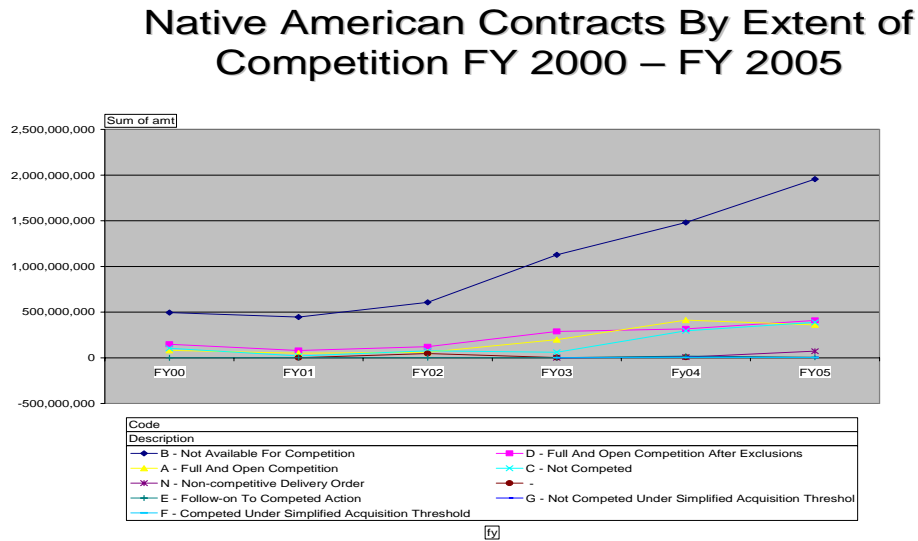
Native Contracting by Place of Performance

FY00-06 ANC and Tribal Company Contract Spending By Place of Performance



The chart below shows Native Enterprise contract awards by the extent of participation in set aside programs or by full and open competition. This chart shows that the majority of contracts are awarded through the 8(a) program although the next largest category of awards is by full and open competition.

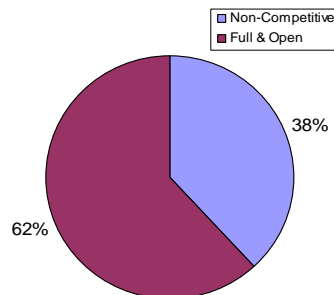
Figure 5



A recent report by the House Oversight and Government Reform Committee noted that in 2005, 38% (\$145 billion) of all Federal contracts were awarded noncompetitively. The top five largest contractors received 20% of all contract dollars in 2005. Native Enterprises are just now breaking into this highly concentrated marketplace.

Figure 6

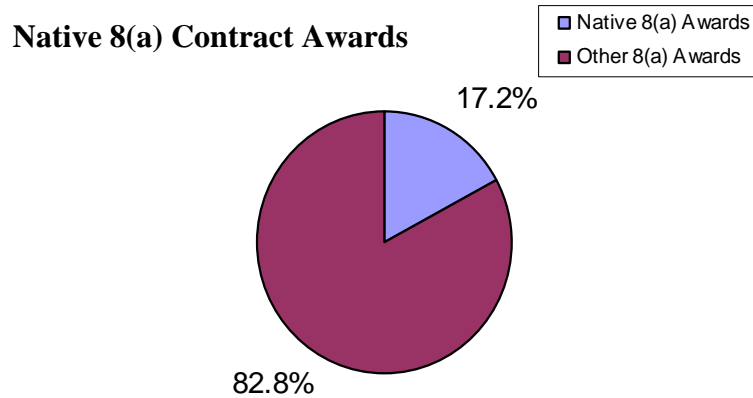
Majority of all Federal Contracts Awarded Non-Competitively



In 2005, the Federal government awarded \$11 billion in contracts to 8(a) firms. As the chart below shows, of that, approximately \$1.9 billion, or 17.2%, was awarded to

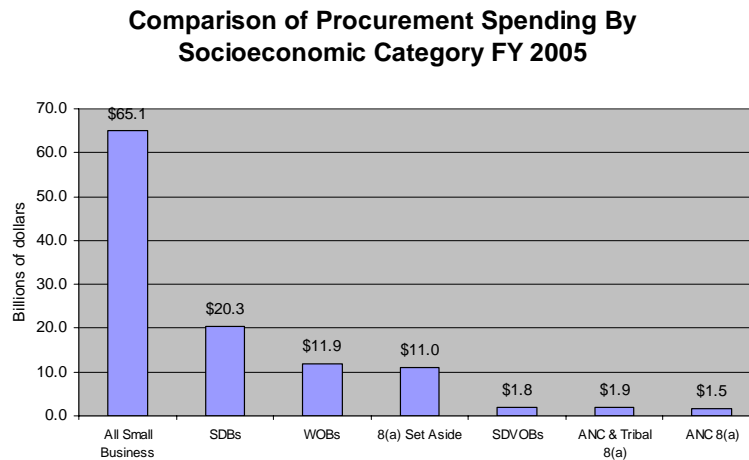
Native American enterprises. Other 8(a) firms received 82.8% of the 8(a) awards during this time period.

Figure 7



Alaska Native Corporations and Tribal enterprises accounted for only 2.9% (\$1.9 billion) of all Small Business contract awards in 2005, which totaled over \$65 billion as shown in the chart below. The Native American enterprise share was the smallest amount among all socioeconomic categories.

Figure 8



REVENUE GENERATION AND JOB CREATION

Nationwide Indian tribes and Alaska Native Corporations created new jobs and provided products and services to the federal government nationwide. In 2005, these Native Enterprises generated:

- \$1.9 billion dollars in gross revenue from 8(a) program contracting; and
- Created 31,717 jobs nationwide.

Within the State of Alaska, in 2005 Alaska Native Corporations generated:

- \$ 413,645,389 in payroll for 8(a) businesses;
- Created 9,750 jobs in Alaska; and
- Created 3,170 jobs in Alaska for Native employees.

IMPACT OF 8(a) DEVELOPMENT SUCCESS ON ANCS AND REGIONAL ECONOMIES

While economic success proved elusive for the majority of Alaska Native enterprises prior to participation in the 8(a) program, during the 1990s the improvements began to be seen in many social and economic indicators. These improvements correlate with the regions most active in the 8(a) program, suggesting that the Native 8(a) program is working exactly as intended to promote economic development.

As demonstrated in Table A, ANCSA regions demonstrated dramatic across-the-board improvements in the number of individuals with high school degrees, college and graduate degrees; higher employment rates; and higher income levels. Notably, the differences in tertiary education and in job creation have been most marked in the ANSCA regions represented by the five most active participants in the 8(a) program: namely, Alutiiq (Koniag region), Arctic Slope Regional Corporation, Chenega (Chugach region), Chugach Alaska Corporation, and NANA Corporation. As shown in Table 2, the number of individuals with a bachelor's degree or higher increased 565% between 1990 and 2000 in the ANSCA regions represented by these five ANC's compared with an increase of 440% in the other ANCSA regions. While both findings are extremely impressive, these five ANCSA regions added college graduates at a rate nearly 30% greater than the remaining regions. ANSCA corporations have used the 8(a) program to create high-skill, higher paying job opportunities, and to increase incentives for obtaining higher education by offering numerous training programs and advancement opportunities. Detailed in Chapter IV, Native shareholders like Derik Frederiksen benefited from

Sealaska Corporation's scholarship program and is now the general Manager of Sealaska's 8(a) firm—Sealaska Environmental Services.

The employment findings are also encouraging. While the majority of ANCSA regions experienced significant declines in unemployment during the decade of the 1990s, these five ANSCA regions reduced unemployment at a rate 57% greater than the other ANCSA regions. Unemployment rates fell 30% in the other ANSCA regions, but these five ANSCA regions saw a 47% reduction in the rate of unemployment.

Although these five ANSCA regions have not yet experienced greater than average improvements in per capita income or greater than average reductions in the number of people below the poverty level, these measures would be expected to respond more slowly to focused economic development efforts like ANC 8(a) program participation. It is therefore important that any suggested changes to a proven economic development tool like the 8(a) program should be approached with caution, lest we give away the dramatic gains that have been achieved by altering the program before its positive socioeconomic effects are felt throughout the populations represented by the ANCs.

Table A: Summary of Socioeconomic Changes in ANC Regions

10-Year Percent Change in:	High School or Higher Graduation Rate	College or Higher Graduation Rate	Unemployment Rate	Per Capita Income	Population Below Poverty Level
Ahtna Regional Co.	60	756	-69	81	-51
Aleut Regional Co.	42	237	107	56	26
Bering Straits Regional Co.	42	568	-33	143	-40
Bristol Bay Regional Co.	34	318	-34	80	-30
Calista Regional Co.	34	344	-24	104	-35
Cook Inlet Regional Co.	20	303	-62	125	-59
Doyon Regional Co.	41	507	-66	173	-68
Sealaska Regional Co.	28	489	-57	109	-41
Arctic Slope Regional Co.	42	530	-36	69	-17
Chugach Alaska Regional Co.	35	947	-44	52	-16
Koniag Regional Co.	35	307	-64	81	-39
NANA Regional Co.	30	477	-43	111	-16
"5 most active participants" average	36	565	-47	79	-22
Non "most active participants" average	38	440	-30	109	-37
Source: 1990 Census of Population, Social and Economic Characteristics, American Indian and Alaska Native Areas. Tables from "Summary Social, Economic, and Housing Characteristics, and Social and Economic Characteristics". 2000 Census data from Tables DP1, DP2, DP3, & DP4 for each ANC.					

BENEFITS ALASKA NATIVE ENTERPRISES PROVIDE THEIR SHAREHOLDERS

As representative organizations of their members or shareholders, Native enterprises share an imperative to create permanent, self-sustained business operations to provide for the substantial social and economic needs of current and future generations. Accordingly, their overlying mission is to provide multiple benefits to hundreds or thousands of constituents, both for today and tomorrow, by operating businesses with long-term growth potential and sustainability. The program is working exactly as intended by Congress; the following results are combined figures for eleven regional Alaska enterprises and two Village enterprises – all of which are significant participants in government contracting.

SIGNS THAT THE 8A PROGRAM IS WORKING EXACTLY AS INTENDED

	2000	2004	Percentage Change
ANC's are Becoming More Competitive Within the 8A Program			
Non-Sole Source 8A Business Won by ANC's	\$60,000,000	\$250,000,000	317%
ANC's are Becoming More Competitive in the Wider Federal Procurement Arena			
Non-8A Business Won by ANC's	\$130,000,000	\$550,000,000	323%
ANC's are Becoming Less Reliant on 8A Contracting			
ANC Non-8A Business as a Percentage of All ANC Contracting	34%	34%	0%
ANC's are Becoming Less Reliant on Sole Source Contracting			
ANC Non-Sole Source Business as a Percentage of All ANC 8A Business	24%	24%	0%

Source: All data were taken from Figures 2 & 4 of the GAO Report.

Many Native Enterprises and community members have just begun to realize the positive impacts of the 8(a) Program. The program has helped tribal communities diversify their economies and provide jobs, education, and services to a group of Americans historically far less able to access the American dream. The 8(a) program has been particularly helpful to those native enterprises located far away from major markets or industrial centers, because federal contracting can occur anywhere in the US and abroad. Furthermore, participation in the program has enabled both enterprises and individuals to develop the experience, skill and expertise necessary to succeed in the very competitive federal marketplace.

Cultural, Social and Economic Benefits to Alaska Natives

Total Number of Current Shareholders ¹²	86,516
Dividend Income to Shareholders for 2005 Attributed to Federal Contracts ¹³	\$ 31,863,803
2005 Donations to Cultural / Social Program Support for Native Community	\$ 5,433,787
2005 Donations to Non-Native Community for Social Program Support	\$ 889,835
Other Shareholder Programs Funded in 2005 ¹⁴	\$ 7,334,781
Scholarship Funds Awarded from 2005 to Alaska Natives	\$ 9,575,511

The numbers for 2005 show an increase in all categories when contrasted with 2004 when enterprises paid over \$27 million in dividends to Native shareholders and donated \$4.9 million for cultural and social programs. Although each Native community and enterprise is different, example programs benefiting from enterprise dollars include the following:

- Subsistence Programs,
- Job Opportunities,
- Scholarships,
- Internships and Youth Programs,
- Burial Assistance,
- Land Leasing & Gifting,
- Employment Assistance,
- Management Training,
- Community Infrastructure,
- Support of Non-Profits, and
- Multiple Elder Benefits.

As the numbers directly below demonstrate, Alaska Native enterprises benefit entire communities and regions of economically and socially disadvantage people. More people, Native and Non-Native, have increased opportunities for employment. This generates household income, community sales, and increased state-wide tax generation.

Economic Impact on the State of Alaska

ANCSA Corporation Payroll within State of Alaska for 8(a) Businesses in 2005	\$ 413,645,389
Total Number of Employees within State of Alaska 2005	9,750
Total Number of Native Employees 2005	3,170

The economic impact is not just in Alaska. Native enterprises are impacting job and revenue generation for economies throughout the United States. Such enterprises operate in 49 states and 2 territories and employ nearly 32,000 U.S. citizens.

Economic Impact on the United States

Total Number of Employees 2005	31,717
Total Number of Contracts	871
States Currently Operating In	49 States, 2 U.S. Territories & D.C.
2005 Contract Revenues	\$ 3,349,490,086

IV. NATIVE INVESTMENT IN ENTERPRISES, COMMUNITY, AND INDIVIDUALS: CASE STUDIES OF SUCCESS

After years of work and investment, many American Indian and Alaska Native community members are realizing the positive impacts of the SBA Native 8(a) Program. In fact, the 2006 testimony at the Senate Committee on Indian Affairs' oversight hearing on economic development highlighted the SBA Native 8(a) Program as one of the most successful laws Congress has enacted to foster self-sufficiency and economic development in Native communities.

The Native 8(a) provisions are rare examples of federal policy successfully fulfilling Congressional intent to advance federal procurement goals and simultaneously help build self-sustaining economic drivers and self-reliance in our Native communities. While some community members



are impacted directly as employees, volunteers, and shareholders; others are impacted indirectly by better funded social programs, scholarships, and grants.

NACA interviewed member and non-member enterprises to gauge the progress of enterprise development within Native communities since the SBA 8(a) Program has been utilized. The interview questions focused on three main points of interest which were, a) prior to the SBA 8(a) Program usage, b) the first stages of development, and c) after Program usage. The interview questions are included in the references section of this report. Responses to the interview questions were analyzed with case study findings provided herewith in three sections: Enterprise, Community, and Individual.

ENTERPRISE CASE STUDIES

MANDAREE ENTERPRISE CORPORATION

The Mentor-Protégé Program is a new approach to intercultural teamwork. Only one year after establishing MEC, the Three Affiliated Tribes were confronted with the possibility of developing a formal Mentor-Protégé agreement with Northrop Grumman, a leading designer, systems integrator, and manufacturer of military surveillance and combat aircraft, defense electronics and systems, airspace management systems, information systems, marine systems, precision weapons, space systems, and commercial and military aero structures.



The National Center for American Indian Enterprise Development (NCAIED) acted as facilitator by helping both parties to understand each other's cultures and to cultivate an environment of trust. NCAIED also worked with the tribe to develop a Mentor-Protégé Agreement with Northrop Grumman and its resulting positive effect on the tribe. As a result, Mandaree Enterprise Corporation continues to mentor and guide a number of small Native American businesses through MEC's Incubator Program.



The growing pains and learning curves that Mandaree Enterprise Corporation experienced early in its formation have broadened horizons and the MEC capabilities. Mandaree Enterprise Corporation supports charitable community organizations that concentrate on youth activities, education, economic development, community sponsorships, and financial assistance. As a tribally owned 8(a) certified business, MEC leverages small business initiatives NOT to get rich, but to train, educate and improve the quality of lives – Native American and non-Native – for employment opportunities that otherwise would NOT be

available. This directly reduces social hardships that many Native Americans face in Indian Country.

THE CONFEDERATED SALISH AND KOOTENAI TRIBES OF MONTANA



For centuries, detailed handiwork and craftsmanship have been a way of life for Native American people. Today S&K Electronics (SKE) is guided by this same pride in workmanship and it shows in every product that they make.

As a leading manufacturer of cable assemblies, wiring harnesses, electronic and electro-mechanical products for both industry and government, SKE continues a 20-plus year tradition of building products that improve the lives of people around the world.

Started in 1984, the company began, with about five employees, as a manufacturing enterprise of the Confederated Salish and Kootenai Tribes of Montana. By 1990, the company was certified under the Small Business Administration's (SBA) 8(a) Business Development Program. Under this program, SKE grew and developed critical infrastructure until 1999 when the company successfully graduated out of 8(a) status.

Today the company boasts employing 108 personnel, with \$10 million in annual sales in Fiscal Year (FY) 2005, and every year since graduation, the company has continued to progress. This year is no different with SKE projecting \$12 million in sales for FY 2006. The portfolio of SKE clients has grown to include about 50 percent in government related contracting, with the other 50 percent based in private industry.

SKE is housed in Pablo, Montana, on the Flathead Indian Reservation, in a spacious 40,000 square foot facility with an impressive array of new generation manufacturing and testing equipment that is maintained and operated by our highly skilled employees, of which the company is proud to have over 62 percent tribally affiliated personnel.



The quality of products manufactured by the tribal enterprise has firmly established SKE as the value priced producer of electronic goods and services in a highly competitive industry. In addition, SKE has also developed engineering services that now provide critical design support and development in addition to the production services that their clients need.

“Primarily, we provide a business of significant opportunity in a continually growing field of electronics manufacturing,” Larry Hall, SKE General Manager and President said. “We provide steady, good-paying work, and we emphasize being good neighbors through our community outreach program which includes corporate sponsorships, and volunteering.”

SKE has also become an important resource for electronics and engineering research based within Montana’s university system, in addition to providing important internship and work study for many students who attend Montana State University’s School of Engineering.

CHUGACH ALASKA CORPORATION

The first of now five graduated 8(a) companies of the Chugach Alaska Corporation (CAC), Chugach Development Corporation (CDC) may soon become the model for how other graduated 8(a) companies can succeed in the competitive federal marketplace. CDC’s core competency is in facility maintenance. As an 8(a) company, CDC was instrumental in helping CAC pay off its Chapter 11 bankruptcy debts and start a new business course.

In 1991, the Regional Corporation was in dire straights and filed for bankruptcy. Its resource based companies had struggled for years with limited success and no long-term hope of sustainable operations. Then, with the Exxon Valdez oil spill disaster, the Regional Corporation was nearly forced to liquidate all assets including their shareholder's land base. The gradual turn to success started when the Board of Directors made the decision to hire executives who had government contracting experience and entered the government contracting arena with CDC.

By 1994, CDC had 2 small contracts, 60 employees, and a long-term vision that included expanding outside of Alaska. That vision paid off in 1996 when CDC received their first major contract with the U.S. Navy. By 1997, CDC had developed significant capabilities in delivering the government quality, timely, and cost effective facility

maintenance services. When CDC voluntarily graduated the 8(a) program in 1998 due to exceeding the program’s size standards, Chugach Alaska Corporation was well on their way to paying off millions to bankruptcy creditors, diversified into 4 other subsidiaries, and shared a vision for long term



success with their 1950 originally enrolled shareholders.

CDC's even greater story is in their success outside of the 8(a) program. To fully appreciate any 8(a) company's ability to openly compete with giants, such as, Lockheed Martin, Raytheon, and Boeing, observers must consider size, product/service, and capital. The giants of the competitive government contracting market have had 60 plus years to create their competitive advantages which include the substantial capital needed to go after major contracts. Responding to a major contract takes expertise and months of manpower costing up to 3% of the contract award - a \$100 million dollar contract may cost upwards of \$3 million dollars in responding.

How does a government contractor like CDC, just out of the 8(a) program, succeed in a market dominated by powerful and capital rich companies? In CDC's case, the management team made the strategic decision to not go it alone. They networked with their competitors convincing government contracting giants that CDC can deliver quality, timely, and cost effective work in facility maintenance and logistics. Teaming with Bechtel and Lockheed Martin, CDC won their first major full and open competitive bid contract, and they have never looked back. As a prime or sub-contractor, CDC has \$80M in outstanding contracts and 1400 total employees. CDC has the reputation of being "the little company that could!"

ALUTIIQ LLC

The excellent performance and corporate citizenship of Alaska Native Corporations and tribes have resulted in outstanding award fees, future contract opportunities and strong relationships within the local communities where we work. All of this leads to benefits for over 120,000 disadvantaged Alaska Natives. Below is the success story of one Alaska Native Corporation which participates in 8(a) government contracting, Alutiiq, LLC, a wholly-owned subsidiary of Afognak Native Corporation.



The Chugach Management Services, JV (a joint venture between Chugach Alaska Corporation and Alutiiq, LLC) has consistently received above 97% award fees since it began the Kirtland Air Force Base operations and maintenance contract in July 2000. Their last award fee of 100%, awarded in November 2004, was based on the joint venture's "professionalism, hard work and efforts during this award fee period..." Henry L. Andrews, Colonel, USAF Commander.

Alutiiq's exceptional award fees are a direct result of hard working, high caliber employees. On another contract, Alutiiq Employees, Senior Officer Delaney Jefferson and Sergeant Steven Hill, were presented with coins by Fort Carson's Commanding General Robert Wilson for their outstanding performance, attention to detail, and handling of an

individual who attempted to gain access to Fort Carson under false pretenses. In response to our efforts, Alutiiq earned the Employer of the Year Award from the Veterans of Foreign Wars (Department of North Carolina) in the “over 250 employees” category. Alutiiq was then nominated and awarded the National Employer of Veterans Award, which we will receive in August 2006.

Alaska Native people have survived off our traditional land and sea for 10,000 years. Over the last 200 years of western occupation the Alutiiq people have faced epidemics, war, and famine, all devastating our culture and leaving little for economic and social prosperity. To combat this, each year Afognak provides employment opportunities, donations and volunteer support to various organizations within the Alutiiq community to increase our people’s quality of life and foster Alutiiq culture and education.

All Alaska Native Corporations are focused on providing employment opportunities for their shareholders. Many, if not all, have instituted some level of shareholder hire and training programs. Alutiiq (the wholly-owned government contracting subsidiary of Afognak Native Corporation), like most of the ANCs, has staff dedicated to assisting shareholders find employment within our family of companies, and with other organizations. The staff also helps shareholders obtain the training and educational opportunities necessary to improve their skills and job prospects.

As a wholly-owned subsidiary, the profits of Alutiiq flow up to its parent corporation, Afognak Native Corporation. Afognak utilizes these profits to provide benefits in the form of individual scholarships. Since the inception of our scholarship programs Afognak has awarded almost \$750,000 in educational scholarships to Shareholders and Shareholder descendants. We are only now beginning to see the results of these vital programs as our youth begin graduating with vocational, undergraduate and graduate degrees in everything from mechanics to education and business management. Many are the first in their families to earn a vocational or college education and today help our Native community by teaching, serving in the social work field or leading our business through executive management positions, among others.

To increase the quality of life for our almost 700 shareholders, Afognak provides an annual dividend. In 2005, Afognak paid a record \$10.8 million in dividends as a direct result of our participation and success in the 8(a) program. In addition, the Afognak Board designed its Shareholder Permanent Fund, so that dollars from its business development operations could provide long-term economic benefits to the Shareholders. These dividends mean a tremendous amount to our shareholders - young families just starting out, Elders, and families who live a subsistence lifestyle in our traditional village.

In 2004 and 2005 alone, Afognak donated over \$160,000 to programs that support the cultural and social growth of our Native community. For example, Afognak initiated a series of Alutiiq cultural camps in the mid-1990’s to save our traditional way of life.

These camps, now run by the Native Village of Afognak, teach our Alutiiq children traditional dance, language, history, and subsistence from Native leaders and Elders.

Each year Afognak supports the Alutiiq Museum & Archeological Repository. Through financial and in-kind support from Afognak and other Native organizations the Museum travels to each of the rural communities in our region to teach our Native children traditional ways. In the spring of 2005, our children learned how to make Alutiiq bentwood boxes, a skill that has not been taught in more than 100 years.

Afognak has partnered with the Alutiiq Museum and other Native organizations to rescue our archeological sites, to save 10,000 years of Alutiiq history from vandalism and erosion. To date we have gathered tens of thousands of artifacts, collected from our joint excavations on Afognak Island. These fragile, irreplaceable treasures, gathered for our people, by our people, are truly a library. They contain incredible information on our ancestor's lives. They hold the stories of our people that are available from no other source.

Each year Afognak supports these, and other, cultural programs through donations and in-kind contribution. We are proud of our history, of our ability to survive and the future opportunities we are able to provide to our children.

SPECPRO, INC - ENTERPRISE OF THE BRISTOL BAY NATIVE CORPORATION

Bristol Bay Native Corporation, SpecPro's parent company, was formed under the Alaska Native Claims Settlement Act and is made up of 7,300 shareholders who are Eskimo, Indian and Aleut. The Bristol Bay region is 150 miles southwest of Anchorage, Alaska, and is 40,000 square miles in size.

SpecPro, Inc. has successfully utilized teaming arrangements to win and maintain federal contracts. Partnering with TerraHealth Inc. (THI), SpecPro was awarded the national DoD Nunn-Perry Award for their achievements in the Mentor-Protégé (M-P) Program. The annual award recognizes accomplishments for both Mentor and Protégé companies that achieve cost efficiencies, enhance technical capabilities, and increase small business opportunities for DoD prime contracts and subcontracts.



SpecPro enjoys the opportunity to contribute to our community by helping local small disadvantaged businesses to grow. SpecPro President and CEO, John Reeder, expressed, "We feel honor-bound to assist other small businesses. Who better than another small business to understand the day-to-day problems we face."

This successful team is constructed of a Mentor, Protégé, and Historically Black College University/Minority Institution (HBCU/MI). SpecPro, an 8(a) Alaska Native Corporation specializing in Engineering and Technical Information Management and

Environmental services, is the Mentor. They have 16 locations nationwide. The Protégé, THI, is an 8(a) State HUB, Small Disadvantaged, Veteran, and Minority-Owned Business. THI provides services in Medical Staffing and Consulting, IT, Mental Health, and Vocational Resources.



The University of Texas at San Antonio (UTSA), which specializes in assisting small businesses develop and establish new capabilities, represents the HBCU/MI. Dr. Glenn Dietrich, UTSA Program Manager, has been an influential member of the team during the course of the program. With his assistance, UTSA has provided training in Oracle 8i and 9i and Infrastructure Assurance and Security and will be providing future classes in Analysis and Design Methodology and Medical Information Systems. We also look to Dr. Dietrich for technical program direction.

The team attributes much of their success to Air Force M-P Program Manager Eileen King and her outstanding guidance, influence, and dedication to small businesses. Furthermore, the USAF School of Aerospace Medicine at Brooks City-Base, where SpecPro and THI have their largest joint contract, has been very beneficial to this program. The Program, administrated from Brooks City-Base, was established to provide incentives for DoD prime contractors (Mentors) to help small disadvantaged businesses (Protégés) develop technical and business capabilities. The goal of the program is to assist protégés to successfully compete for prime contract and subcontract awards. SpecPro's strategic alliance with UTSA has provided THI with the capabilities to meet and exceed all three year program goals within the first nine months. These goals include: double annual revenues each year, increase revenue to \$4.5 million by final year, increase number of employees to 250 by final year, increase profitability by 10% each year, increase cash reserves, and win at least 3 prime contracts. SpecPro and UTSA provided technical assistance in classes for database development, certification path development, and quality assurance training. SpecPro has also provided training in Business Infrastructure which has contributed to THI's incredible development and growth of contract awards and new business lines.

Results of Protégé development have been outstanding! SpecPro has seen an amazing growth in revenue since 2003. THI has experienced a 400 percent increase in revenue and a jump from 192 to over 300 employees as a result of newly procured DoD contracts. Together, SpecPro and THI employ over 250 San Antonio residents.¹⁵



KONIAQ SUBSIDIARY – INTEGRATED CONCEPTS & RESEARCH CORPORATION (ICRC)

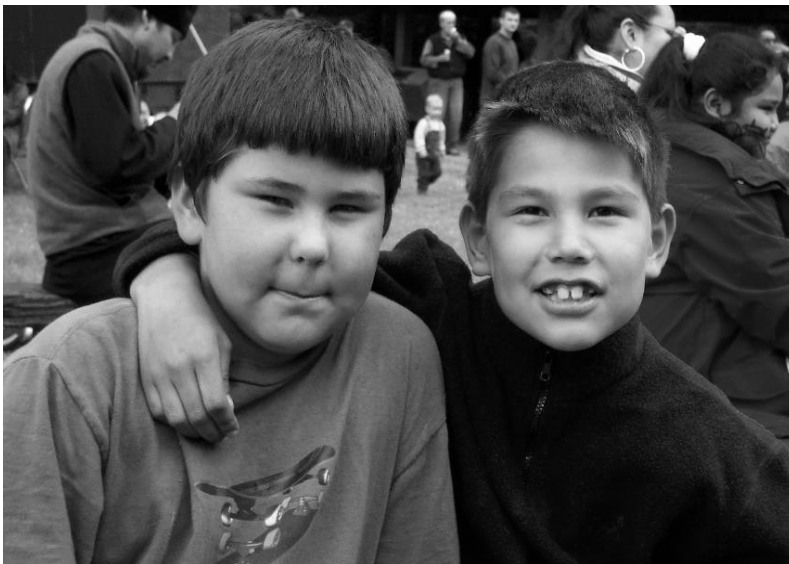
ICRC has found that teaming with a locally owned small business is critical to the ultimate success of the contract. There are several examples of this, however, only one of

the more common varieties is identified in this article. The successful teaming of Integrated Concepts & Research Corporation (ICRC) an Alaska Native owned company, and Qualis Corporation, a Woman-owned company, is a good example. ICRC, a small disadvantaged business with its corporate office in Alexandria, VA, is owned by Koniag Inc., one of the 13 regional Alaska Native Corporations. Qualis is located in Huntsville, AL and is an 8(a) Woman-owned small disadvantage business. When these companies teamed in 2001 ICRC was also 8(a).



The opportunity that brought these two companies together was an aerospace materials testing contract at Marshall Space Flight Center (MSFC) in Huntsville, AL. The procurement strategy for this contract was decided to be a Tribal (Native American) direct award. The procuring agency had determined that there were Native American companies capable of doing the work and it was in line with NASA's

small business strategy and goals. ICRC, having the required past performance and Qualis having complimentary qualifications decided to team and present their joint qualifications to MSFC. After a very comprehensive evaluation of the ICRC/Qualis team, MSFC entered into negotiations with ICRC and awarded them the Materials Testing for Aerospace Environments (MTAE) contract on March 1, 2001. The \$12.3 million five year contract value was divided 51% for ICRC and 49% for Qualis. Even though this in itself demonstrates the direct positive impact to other small businesses through direct Native American awards, it is not the end of the success story for the ICRC/Qualis team.



The ICRC/Qualis team has been performing the MTAE contract for several years. For every completed year of the MTAE contract, the ICRC/Qualis team has earned the maximum, 100 percent, of its performance and cost incentive fees. The outstanding performance of this team has also influenced other NASA MSFC managers to express their desire to add

work to the MTAE contract. From a \$12.3 million beginning with 30 people to a current value of approximately \$28 million (and still growing) with 70 people is positive testimony to the wisdom of Native American direct awards -- not to mention the obvious continued and increasing benefit to another small business. In addition to the obvious financial benefit, Qualis Corporation has gained considerable experience and is now able to firmly position itself as a prime contractor for future competitions. It should also be pointed out that a government agency, NASA, has been served well by ICRC and Qualis through superb technical support and lower costs. The ICRC/Qualis team has consistently under run target incentive budgets by nearly 10% and through other initiatives has allowed NASA to avoid close to \$1 million in contract costs. The result of this direct award is spelled, "SUCCESS" in whatever way it is evaluated.

COMMUNITY CASE STUDIES

MANDAREE ENTERPRISE CORPORATION

Several employees interviewed at the Fort Berthold and Flathead reservations indicated that the training and experience received as employees in 8(a) firms prepared them to start their own businesses on the reservations. The Three Affiliated Tribes' Mandaree Enterprise Corporation (MEC) is an SBA 8(a) certified business located on the Fort Berthold Indian Reservation in North Dakota. Established in 1990, Mandaree Enterprise Corporation is owned and operated by the Three Affiliated Tribes of the Mandan, Hidatsa, and Arikara Nations.



From a small community with a population of less than 400 people, Mandaree Enterprise Corporation has grown its business from employing 5 people to employing over 90 employees today, and adding 30 more positions on the reservation in the next 60 days.

In 1994, the company's future looked very bleak, on the brink of bankruptcy, so the board of directors of the corporation decided to reorganize its business. In so doing, they hired a new chief executive officer. Today, when the economy is uncertain, especially for small businesses, Chief Executive Officer Clarence O'Berry has taken the struggling firm to the status of a thriving SBA 8(a) certified business.

The Mandaree Enterprise Corporation achieved SBA 8(a) certification in 1997 and credits its phenomenal growth and success to participation in the 8(a) program, networking at the National Center for American Indian Enterprise Development's Reservation Economic Summit (RES) and other national conferences, and MEC's commitment to quality and on-time product and service delivery.

With 90 employees world wide – 60 percent Indians – MEC currently has four divisions that offer products and services globally and operates out of 10 offices. This

year, MEC gross revenues will top over \$20 million, from \$4.3 million in 2002, \$8 million in 2003, and \$15 million in 2004.

Mandaree Enterprise Corporation supports charitable community organizations that concentrate on youth activities, education, economic development, community sponsorships, and financial assistance. As a tribally owned 8(a) certified business, MEC leverages small business initiatives NOT to get rich, but to train, educate and improve the quality of lives – Native American and non-Native – for employment opportunities that otherwise would NOT be available. This directly reduces social hardships that many Native Americans face in Indian Country.¹⁶

S & K TECHNOLOGIES - ENTERPRISE OF THE CONFEDERATED SALISH & KOOTENAI TRIBES

Inherent to S&K Technologies' (SKT) mission statement, the company continues to support important community projects that are critical to the tribal cultural value system of the Confederated Salish and Kootenai Tribes. One project that SKT is particularly proud of sponsoring is Our Community Record, a program whose participants include students of the Two Eagle River School, located in Pablo, Montana.

Since 2001, middle and high school students at Two Eagle River School have been enthusiastic participants in this unique project that challenges them to express their personal vision and experience by documenting their community, culture, and history through photographic studies. Most recently in both 2004 and in 2005, SKT contributed a significant grant to Two Eagle River School to allow for the continued progress of Our Community Record. This contribution helps the program with such costs as photographic equipment, educational field trips, photographic printing supplies, and most importantly, classroom instruction from critically acclaimed professional resources.



Through this project, SKT is helping to make a difference in the lives of young people on the Flathead Indian Reservation. Our Community Record empowers youth to learn about visual communication and technical production, in addition to fostering their work as effective artists and story tellers.

Two Eagle River School is a Bureau of Indian Affairs-contracted, educational institution of the Confederated Salish and Kootenai Tribes. The school serves Native American students in the 7th through 12th grades. Approximately 130 students attend Two Eagle River each year, with about 30 students graduating annually.

SKT is a tribally owned enterprise of the Confederated Salish and Kootenai Tribes of Montana, and recently graduated from the Small Business Administration's 8(a) Business Development Program in 2006.

CHENEGA BAY

The lives of American Indians and Alaska Natives are challenging and often riddled with sub-standard social and economic conditions with limited opportunities to change the situation. There are many stories of struggle, such as, the village of Chenega Bay that survived an earthquake and tsunami and rebuilt twenty years later only to be devastated by the Exxon Valdez oil spill. A village member, Donia Wilson-Abbott said that her generation “had even forgotten the word in their Native language for hope.”¹⁷

The 8(a) rules applicable to Tribes and ANCs differ, purposely, from the rules that govern 8(a) companies owned by individuals. The core mission of ANCs includes generating community-wide benefits and meeting social and cultural needs of their



economically and socially disadvantaged communities. ANC-owned 8(a) companies provide many benefits to shareholders, including higher-skilled and higher paying jobs, scholarships, and training. In contrast, the benefits of an 8(a) company owned by an individual are retained by that individual owner.

ALUTIIQ, LLC, KODIAK, ALASKA

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customers [which] was continuous and consistent...you and your employees will take us to a higher level of excellence.”

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Sergeant Steven Hill, were both presented with coins by Fort Carson's General Robert Wilson for their outstanding performance, attention to detail, and handling of an individual who attempted to gain access to Fort Carson under false pretenses.

Alutiiq often hires retired law enforcement and military personnel. Through such efforts, Alutiiq earned the Employer of the Year Award from the Veterans of Foreign Wars (Department of North Carolina) in the "over 250 employees" category. In August 2006, Alutiiq was awarded the National Employer of Veterans Award.

Alaska Native people have survived off our traditional land and sea for 10,000 years. Over the last 200 years of western occupation the Alutiiq people have faced epidemics, war, level of shareholder hire and training programs. Alutiiq (the wholly-owned government contracting subsidiary of Afognak Native Corporation), like most of the ANCs, has staff dedicated to assisting shareholders find employment within our family of companies, and with other organizations. The staff also helps shareholders obtain the training and educational opportunities necessary to improve their skills and job prospects.

As a wholly-owned subsidiary, the profits of Alutiiq flow up to Afognak Native Corporation. Afognak utilizes these profits to provide shareholder benefits in a number of forms, including individual scholarships. We are only now beginning to see the results of these vital programs as our youth begin graduating with vocational, undergraduate and graduate degrees in everything from mechanics to education and business management. Many are the first in their families to earn a vocational or college education. Today these young leaders help our Native community by teaching, serving in the social work field or leading our businesses.

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Each year Afognak provides donations and in-kind contributions for programs that support cultural and social growth of our Native community. For example, Afognak initiated a series of Alutiiq cultural camps in the mid-1990's to save our traditional way of life. These camps, now run by the Native Village of Afognak, teach our Alutiiq children traditional dance, language, history, and



subsistence from Native leaders and Elders.

Afognak also supports the Alutiiq Museum & Archeological Repository. Through financial and in-kind support from Afognak and other Native organizations the Museum travels to each of the rural communities in our region to teach our Native children traditional ways. In the spring of 2005, our children learned how to make Alutiiq bentwood boxes, a skill that has not been taught in more than 100 years.

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CHENEGA CORPORATION, CHENEGA BAY, ALASKA



“The Chenega Corporation almost didn’t happen. After the 1964 earthquake, the village fell apart and survivors had to fight to be included in the Alaska Native Claims Settlement Act. Today, the village is celebrating a unique success story.”¹⁸ According to a recent news report, the Chenega Corporation had a big hand in reviving the community, building a dock, funding three new buildings to include a health clinic, and establishing culturally enriching programs for the children like traditional dancing.

The corporation is also helping to bring a general store to the village, providing new hope and many successes. Pete Kompkoff, Chenega Bay Village Administrator, thinks that the village itself would not have been reestablished without the help of the corporation. In 2005, Chenega’s village corporation reported more than \$18 million in profits most of which was earned through oversight of government contracts. Chenega employs more than 3,000 people and about 2,500 subcontract employees in 38 states and nine foreign countries.

GARY KOMPKOFF, NATIVE VILLAGE OF TATITLEK, ALASKA

A former Chugach Alaska Corporation board member and Chief of the Native Village of Tatitlek for nearly three decades, Mr. Kompkoff had a special relationship to his village and people. He was a bridge between new corporate strategies and time immemorial



faith and customs. Only months before his passing, Mr. Kompkoff was interviewed for this Study. The following narrative is written in his own words as he reflected on the benefits of the Native 8(a) program to his beloved people and village.



“The most noticeable change to me [regarding opportunities since the success of ANC businesses] is the renewed sense of pride that the people in our community have. And being a Chugach Native, to me, it’s reflected not just by individuals but by the communities and by their region as a whole. The most noticeable impact of the dividends has been on the assistance that they provide in continuing the subsistence lifestyle that the people in my village live. The dividends have helped hunters and fishers buy the supplies – the gas, the ammunition – everything they need to continue the subsistence harvest. With the increased price of fuel and the increase price of supplies, these dividends have really helped the people of Tatitlek continue their subsistence lifestyle.

The Elders’ dividends are – Tatitlek is a remote community accessible only by boat or by plane – so the dividends that they receive are really helpful in getting them to proper medical facilities for medical care and helps them with the purchase of the medicine that they need. And also, like with everyone else, not just Elders, helps with the purchase of stable goods such as groceries in the village.



[If the 8(a) program was eliminated] there would be some differences - the noticeable difference would be the ability of our hunters and fishers, especially, to buy the things that they need for subsistence harvest. Another noticeable difference would be on single mothers; these dividends are really helpful in providing them with some kind of income.

The cultural programs that Chugach and Chugach Heritage Foundation have started are one of the most important things that Chugach does at the present time, I think. The preservation of the Alutiiq culture is one of the top priorities of the Native community and to take away the funds that they contribute towards that goal would be really harmful.”

LANGUAGE PRESERVATION PROGRAMS FOR THE ALUTIIQ PEOPLE

Shauna Hegna, Kodiak Island, Alaska, provided the following about her community. “I have been very involved in the language revitalization movement and through its funding, by our Native corporations, we have been able to develop programs and projects that will not only save but revitalize our language. The Alutiiq language has less then 34 fluent speakers and the average age of fluent speakers is 72 years old. What’s important is what we are doing to save it and not only saving it but revitalizing it and preserving the wisdom of our Elders in the voices of our young. We have now been able to pair five fluent Elders on Kodiak Island with a dozen adults that are willing to learn the language who spend up to 10 hours a week speaking Alutiitstun, nothing but Alutiiq. And really developing materials and volunteering in preschools and kindergarteners and teaching the language to first graders and high schoolers and anybody and everybody that would listen. It’s because of that perseverance not only our Native people and cultural corporations, but our next generation of Alutiiq revitalization that the people are not only going to know what it means to be Alutiiq, but be able to know what it means in our language to be Alutiiq.”



April Laktonen-Counselor, Alutiiq Language Manager for the Alutiiq Museum, teaching the Alutiiq language to children at the Dig Afognak Cultural Camp.

INDIVIDUAL CASE STUDIES

KARL MCLAUGHLIN, SENIOR VICE PRESIDENT INFORMATION TECHNOLOGY
AFOGNAK NATIVE CORPORATION, KODIAK, ALASKA



A shareholder of Afognak Native Corporation, Karl began his career over 10 years ago as an intern at Afognak. Later he became a network technician. He climbed the ranks of the company while finishing his formal education, paid for through Native organization scholarships. Karl graduated with a Bachelors degree from the University of Alaska and later earned additional Information Technology related certifications. Today Karl is the Senior Vice President of Information Technology at Afognak and oversees all Information Technology related operations for over 4,300 employees nationwide, supervising 14 people and one intern in his department.

“I grew up as a commercial fisherman -my whole family did, my grandparents, my uncles. I grew up on the boats and it was prosperous for sometime, but as the markets continued to go down then it became apparent that was not something that I wanted to do. Then I was actually offered an opportunity to be an intern over at Afognak Native Corporation...I actually went straight from the boat, got off fishing and started working it the next day.”

TYAN SELBY, EXECUTIVE DIRECTOR, KONIAG EDUCATION FOUNDATION



A Koniag shareholder, Tyan is a leader for Koniag Education Foundation, a nonprofit region-wide scholarship foundation providing funding to college and vocational students for Koniag shareholders and descendants. “The Koniag Education Foundation gave out \$180,000 to 163 Alaska Native scholarship recipients last year, so there’s a very practical way the education foundation has affected the lives of Alaska Natives, their families, and their communities. When people are educated within their own community that helps drive the economies of those communities, and helps strengthen them. Increased education and employment opportunities build stronger communities by decreasing unemployment, domestic violence, depression, suicide, child abuse, and dependency issues.”

Shauna Hegna grew up in the remote Native Village of Port Lions on Kodiak Island, in the Gulf of Alaska. She worked as an intern at Afognak Native Corporation while attending high school she received scholarships from Native organizations, to attend college at the University of Alaska. She graduated with a bachelor's degree and later earned a master's degree. She united the Koniag Alutiiq region-wide Alutiiq people to begin the first ever language revitalization program and worked diligently to raise enough funds to sustain the long term program.



Shauna is currently the Deputy Director of RurAL CAP, the largest statewide non-profit organization in the state of Alaska providing eligible citizens with programs for education, shelter, and food.

“I would say on a personal level, and personal meaning mine and my families; my Native corporations have had an enormous impact on my life and quality of my life. I can trace back the influence of my village corporation for example to my early years growing up. The dividends we got as a family from our Native Corporation greatly improved the income in our household. There were always limited opportunities for income and those dividends helped to supplement our income and helped to provide food for our table.

When I was about sixteen years old, the first job I ever had was from Afognak Native Corporation. They hired me to work with my father to develop the Dig Afognak archaeological dig site. We built the banya, or the steam bath, and a number of platforms. I think it was the next year they then again hired me as an intern in the Alutiiq Museum and their corporation and so I got to learn a lot about the history of Kodiak Island, not only from the Alutiiq perspective, but from all of the people that lived on Kodiak. I got to work extensively with tourists, shareholders and other members that were interested in Alutiiq culture and history. I learned a lot about, not only myself, but my family's history and the history of the Alutiiq Nation as a whole.

Afognak Native Corporation and Koniag gave me a number of scholarships every semester I was in college. Through their generous support, I was able to get a bachelor's degree in history with a minor in Alaska Native studies and eventually a master's degree in rural development with an emphasis on indigenous organizations management. In a nut shell, if I was to try to proclaim what effect my Native corporations have had on me - They are the reason why I have succeeded so far in my life. [They are] why I have committed to serving my people and other Alaska Native people and low income Alaskans. I am second in command in one of the largest non-profit and most diverse non-profit organizations in the state of Alaska, and I think that none of that would have been possible had it not been the support I received from my Native corporations.”

Sarah's fondest childhood memories are the days spent learning about the land and sea around our traditional village of Port Lions, as I searched for subsistence food with my family. Being Alutiiq ways – learning my family has for outs of bays and where some of the greatest growing up.



immersed in our traditional how to smoke salmon the way generations, learning the ins and the animals migrate – these are things my father taught me

Life in rural challenging. Her small airplane or live a subsistence way necessary to buy other food, pay the heating and electricity bills, cover transportation outside of the community and other expenses.

Alaska is beautiful, but it is village is accessible only by boat, intermittent ferry. Although we of life, western currency is

Adequate education for our youth, alcoholism, drug abuse and teen pregnancy are all issues our people face. She remembers her dad talking about how subsistence resources were depleting and that many of our people were dying of alcoholism and drugs. He told his daughters that they had to go to college. He wanted them to get an education and to give back to the Native community.

Sarah said, “My twin sister, Shauna, and I went college, following just two years behind our older sister, Tanya. We were the first generation in our family to go to college and graduate. Hopefully, we will not be the last. Each of us received scholarships from our Native corporations along with dividends to help with living expenses. Both Shauna and I were employed as interns throughout our college career with our Native corporations and tribes providing opportunities to learn about our history, culture, and



to

Native organizational management. Each of us has chosen a different life path. My older sister, Tanya, earned her bachelor's at Stanford University and her master's at the University of Alberta, where she now teaches English. She travels home to Alaska each year to teach traditional and contemporary dance and storytelling to our Alutiiq youth. Shauna and I both earned our bachelor's and master's degrees from the University of Alaska. Whereas Tanya has focused on academics as a method to serve our Native community, Shauna chose social services. Today she is the Deputy Director of RurAL CAP, one of the largest and most diverse non-profits in Alaska that serves low income Alaskans, primarily in rural communities, providing programs for the homeless, preschool age students, and other healthy community programs.”



Sarah has chosen to work for her village corporation in positions where she could advocate on behalf of the Native community and provide opportunities for other shareholders. She started in subsistence advocacy, tribal relations and managing the scholarship programs. Today, Sarah manages the Corporate Communications, educating people about the benefits of the 8(a) program to ensure future generations are able to go to college and learn our traditional way of life. Each year, Sarah and her sisters travel home to the village to subsist with their father. “The only difference is now we take our children, so they too will understand the importance of our way of life.” Sarah said.

JANET MAZZOLA, DIRECTOR OF SPECIAL PROJECTS, ASRC FEDERAL HOLDING COMPANY

“As an original shareholder (born before 1972), I had exposure to Alaska Native Corporations since their inception. I witnessed the financial ups and downs. My quality of life has been greatly improved by corporations through scholarships earned for both undergraduate and graduate degrees. In addition to educational scholarships from the Arctic Education Foundation, I was accepted into Arctic Slope Regional Corporation’s Shareholder Development Program. This program allowed me to work in a location where an ASRC subsidiary existed while earning my graduate degree.”

CLAYTON MORAD, NETWORK AND HELPDESK MANAGER, ASRC FEDERAL HOLDING COMPANY

Clayton credits ANC benefits, such as scholarships for higher education from both ASRC and Tikigaq, medical support, and corporate dividends for helping him achieve his dreams.



“I am Clayton Morad, a shareholder of Arctic Slope Regional Corporation (ASRC) and the village corporation, Tikigaq. I was raised in Anchorage, Alaska, and attended college at the State University of New York College in Fredonia, New York, receiving a Bachelor of Science degree in Computer Science. Throughout my college career, I worked for ASRC as a summer intern in the payroll department, onsite at Kuparuk oil field, and finally in the Information Technology department as a level 1 Helpdesk Technician. I am currently the Network and Helpdesk Manager with three direct reports for ASRC Federal Holding Company near Washington, DC.”



“As a Tsimshian shareholder in the regional Alaska Native Corporation, Sealaska Corporation, I have personally gained from my and my family’s involvement in Sealaska and the opportunities that the corporation has provided for me. Throughout my college education and early career, Sealaska has provided tremendous support. For both my undergraduate and graduate degrees, I received six total scholarships and

interned twice for the corporation in the Natural Resource department. Working for the corporation provided tangible, real life skills that helped launch my early career. After the successful completion of my graduate studies, I was offered the chance to come back to Sealaska and help the corporation in business development. Since my return, I have worked with Sealaska and successfully started and launched Sealaska Environmental Services (SES), an environmental services company that entered the U.S. SBA 8(a) business development program. Within three years, SES has organically grown from an idea within the Natural Resource Department, to a start-up company, to a viable small business with two environmental contracts from the U.S. Department of Navy valued up to \$50 million. As a shareholder with the vested interest and long-term well being of the company as one of my core directives, I feel strongly in trying to give back to the corporation that made much of my career possible.”

TONY CANGE, MANAGER OF FINANCE AND ACCOUNTING FRONTIER SYSTEMS INTEGRATORS, ANCHORAGE, ALASKA

“My name is Tony Cange, I am Alutiiq and a descendant of Koniag Incorporated. I work for Frontier Systems Integrators, which is a subsidiary owned in part by Koniag. I am originally from Anchorage, Alaska, I was born and raised here. I went to college in the states, University of Utah, and returned to Anchorage. The Native corporations have helped the people in that, my grandparents and great grandparents were cannery workers and commercial fishermen. They wouldn’t have had the knowledge or the resources to do the things that Koniag family has been able to do for them. The investments, the health care – all those benefits they get and receive as a result of Koniag. I was a scholarship recipient from Koniag Education Foundation. I had scholarships through college and worked for one of the subsidiaries. I have my degree in finance from the University of Utah. I plan to go back on scholarship to get my master’s degree.”



V. REFERENCES

Case Study Interview Questions:

Prior to Small Business Administration 8(a) Business Development

1. How was your AIAN community size prior to having business development initiatives?
2. What were the primary economic drivers prior to the 8(a) program?
3. What challenges did your community face economically and socially (i.e. healthcare, education, etc)?

First Stages of Business Development

4. When did your 8(a) company begin?
5. In the beginning, how many employees worked for your company?
6. How many sites did you manage initially?
7. What were the initial core competencies of your business?

Today We Have Grown to the Benefit of Our People

8. Today, how many employees does your company employ?
9. From an organizational standpoint, how has the initial business developed (i.e. subsidiaries, etcetera)? Additionally, please discuss employee professional development and growth.

Today, how many sites do you manage?

10. How has the core competencies of your business expanded?
11. Today how many people are a part of the Tribal and/or Alaska Native community that benefits from this economic development?
12. How many non-native people also benefit from jobs, health care plans, etc, created by your business?
13. What services and benefits has your business brought back to the Tribal and/or Alaska Native community?

14. Is there one person that you know of who has directly benefited from the resources your business has created (i.e. educational scholarships, health care, professional development, etc).
15. Has your company ever received any awards or critical acclaim for services rendered?

Responses to the interview questions were analyzed with case study findings.

VI. NOTES

1 Oversight Hearing on Indian Financing Act and Buy-Indian Act before the Senate Select Committee on Indian Affairs, 100th Cong. 1, 55 (1987).

2 Oversight Hearing on Barriers to Indian Participation in Government Procurement Contracting before the Senate Select Committee on Indian Affairs, 100th Cong. 2d Sess. 80 (1988).

3 *Id.* at 2

4 *See* Article I, § 8, ¶ 3.

5 *See Cherokee Nation v. Georgia*, 30 U.S. 1, 15 (1831); *see also Worcester v. Georgia*, 31 U.S. 515, 519 (1832) (recognizing “[t]he Indian nations had always been considered as distinct, independent political communities... and the settled doctrine of the law of nations is, that a weaker power does not surrender its independence—its right to self government, by associating with a stronger, and taking its protection.”)

6 *See* 43 U.S.C § 1601, *et seq.*

7 *See Id.* at § 1601.

8 *See Alaska Native Commission Final Report, Vol. 1.* (1994).

9 In 1987, Congress passed amendments to the Alaska Native Claims Settlement Act, Public Law 100-241, which granted presumptive minority status to ANCs, as defined in 43 U.S.C. § 1626(e)(2). The sponsor of the bill was Don Young (R-AK). The intent behind these laws was to grant any qualifying ANCSA corporation or ANCSA corporation-owned firm the status of “a minority owned and controlled corporation for purposes of federal law.” S. Rep. No. 100-201, reprinted in 1987 U.S.S.C.A.N. 3269, 3290. In 1992, the Alaska Land Status Technical Corrections Act, Public Law 102-415, amended §§ 1626(e)(1) and (2) by granting ANCSA corporation or ANCSA corporation-owned firms “economically disadvantaged” status, Rep. Don Young (R-AK) was the primary sponsor in the House and Senator Frank Murkowski (R-AK) in the Senate. The purpose of the amendment was to clarify further that ANCSA corporation or ANCSA corporation-owned firms are “minority and economically disadvantaged business enterprises for the purposes of qualifying for participation in federal contracting and subcontracting programs,” including the SBA’s 8(a) program. H.R. Rep. No. 102-673, reprinted in 1992 U.S.C.C.A.N. 1450, 1456.

10 Congressional Record, S5019 (June 13, 2000).

11 The charts in this section are based on data files created by Eagle Eye, Inc., a procurement research firm that created raw data files on Native procurement from the FPDS and Department of Defense procurement data bases.

12 The number of shareholders were determined in 1971 but each regional corporation has the discretion to add shareholders born after 1971. Also, the number of shareholders consistently grows over time. Although there is generally not a substantial increase from each year to another, as shareholders “will” and “gift” their shares to their descendants the number of shareholders increases.

13 Each ANCSA corporation distributes its profits to its shareholders, which is determined by the Board of Directors. There is a wide variety in distributions. For example, one village corporation was able to distribute \$10.8 million in dividends to 677 shareholders, while a regional corporation who is just beginning in government contracting was unable to distribute a dividend to its 6,300 shareholders in 2005.

14 Includes funding for programs/events such as school programs, Elders Trust Funds, Potlatches, and Intern Programs. Does not include Native Corporation Permanent Fund Programs valued at \$88.2 million in 2005.

15 Except from SpecPro Press Release, <http://www.specpro-inc.com/awards.html>, “SpecPro and TerraHealth Win National Department of Defense Award.”

16 Exerpt from the national center for american indian enterprise development whitepaper, “SBA certified tribal 8(a) programs help Native Americans!”

17 Chenega Bay celebrates comeback after devastation, *Channel 2 Broadcasting Inc.*, <http://www.ktuu.com>, by Rhonda McBride.

18 Chenega Bay celebrates comeback after devastation, *Channel 2 Broadcasting Inc.*, <http://www.ktuu.com>, by Rhonda McBride.